



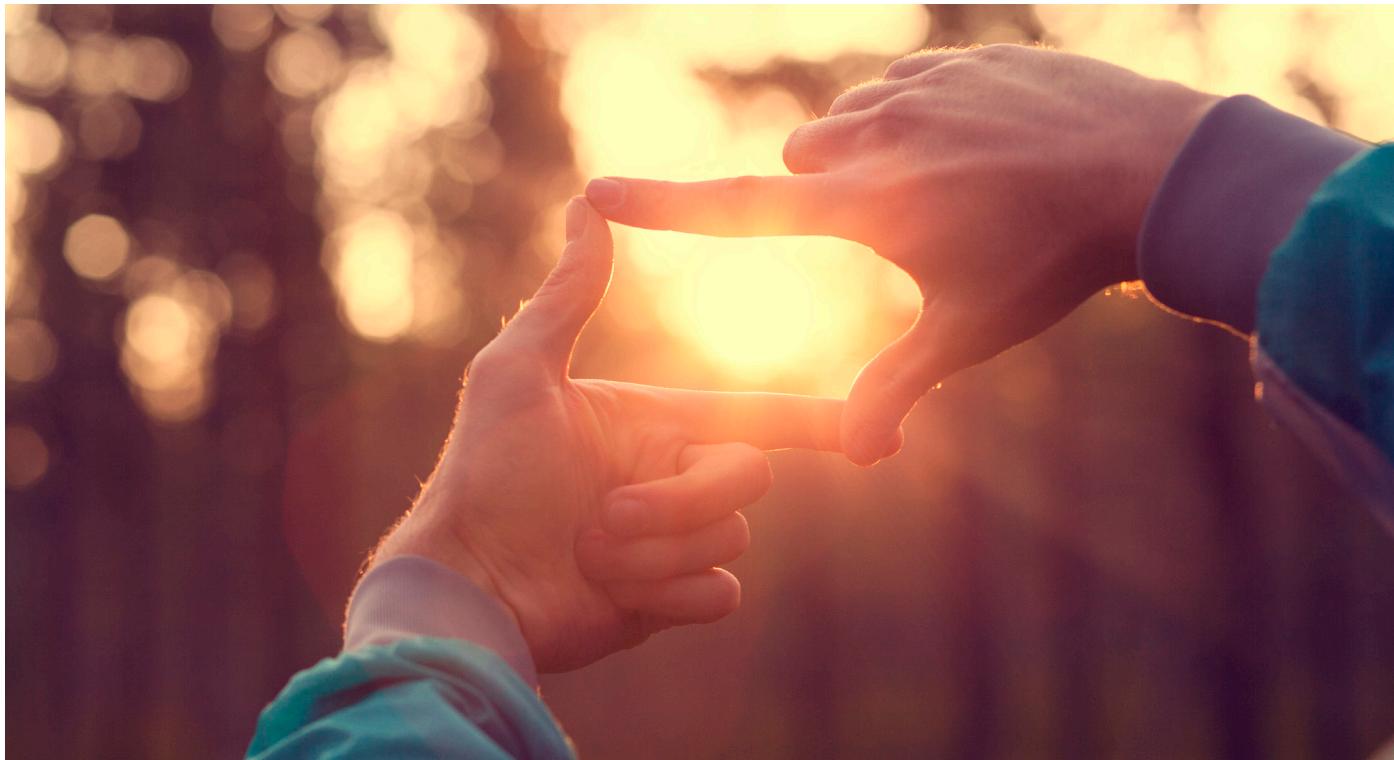
# INTEGRATING EH&S AND SUSTAINABILITY EFFORTS

TO REDUCE RISK AND MAXIMIZE BUSINESS PERFORMANCE



## Overview

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Often complementary and even potentially synergistic in achieving their mutual goals and objectives, corporate initiatives that address environment, health and safety (EH&S) and those that deal with environmental sustainability are frequently managed and operated separately from each other as well as from day-to-day business operations. This separation can lead to duplication of effort, operational inefficiencies and gaps in the intended scope and coverage of each initiative.

The separation also fails to maximize the potential benefit available from an integrated approach that could more strongly support key business objectives. Indeed, the successful integration of these and other initiatives can form the basis for a robust and effective corporate governance, risk and compliance (GRC) program that can help to reduce business risk, maximize business performance, and provide an important competitive advantage.

This UL white paper will discuss the importance of integrating corporate EH&S and sustainability efforts, as well as the potential benefits of an integrated EH&S/sustainability program. Beginning with a brief description of the evolution of corporate EH&S and sustainability efforts, the white paper will present the challenges and limitations of maintaining these initiatives in parallel, detail the benefits of an integrated program, and offer a step-by-step action plan to achieve that integration. The white paper will conclude with recommendations on technology solutions that can help maximize the value of the integration.

## A Brief History of Corporate EH&S and Sustainability Initiatives

The history of corporate EH&S efforts can be traced back to the introduction in the 1970s of environmental and workplace safety regulations by governments around the world. In the U.S., for example, the passage of the U.S. Occupational Safety and Health Act in 1970 led to the creation of the Occupational Safety and Health Administration (OSHA) and the implementation of regulations to help ensure the safety of employees in federally-regulated workplaces. Concurrently, increased awareness of hazards associated with environmental pollution and the importance of protecting the environment and natural resources resulted in the formation in December 1970 of the U.S. Environmental Protection Agency (EPA), which created standards and enforcement mechanisms to protect environmental resources.

Although a number of companies had previously implemented workplace safety and resource efficiency programs, the regulatory frameworks developed by OSHA and the EPA provided the imperative for most corporations to evaluate their environment, health and safety practices, with a view toward achieving compliance with applicable regulations. At the same time, industrial environmental disasters in chemical facilities in Sавесо, Italy in July 1976 and Bhopal, India in December 1984 served to heighten awareness of the critical importance of formal EH&S systems to protect workers, the general population and the environment. Today, most corporations have in place robust EH&S management systems consistent with the requirements of internationally accepted standards, such as ISO 14000 for environmental management systems, and (currently) OSHAS 18001 for occupational health and safety management systems.

The sustainability movement, on the other hand, are rooted in the practices of socially responsible industrialists more than 100 years ago. One example is Cadbury's "factory in a garden," which operated near Birmingham, England in the late 1800s, and where the Cadbury brothers implemented innovative employee welfare programs as part of their effort to support and sustain the local community.<sup>1</sup>

Modern sustainability efforts began with the release of the Brundtland Commission's 1987 report, "Our Common Future,"<sup>2</sup> which served to broaden the concept of sustainability. As a result, the emphasis of corporate sustainability programs has shifted to reflect broader concerns, such as the environment, the safety and security of workers in supply chains, the use of renewable resources in production, and product end-of-life considerations. This broader perspective reflects the core values of present-day corporate sustainability programs, which serve to improve the overall quality of life for current and future generations.



## The Current Situation

Although EH&S and sustainability programs share a number of complementary goals and principles, they have been typically implemented and managed independently from one another within the corporate setting. This separation may be explained in part by the fact that EH&S regulations have been in place for nearly 50 years, and compliance is closely monitored by regulators and enforcement authorities. As a result, most organizations have established EH&S policies and systems that have been fully integrated into day-to-day operations and which are carried out by line personnel.

On the other hand, the increased interest in recent years in sustainable business practices is being driven not by regulations per se but by the aspirations and preferences of corporate stakeholders, including shareholders, executives, employees, suppliers and customers. Indeed, the scope of sustainability programs typically reflects organization-specific agendas built around their core beliefs and values. For these reasons, corporate sustainability programs are viewed as enterprise-wide initiatives, to be managed and monitored at a strategic level by corporate staff.

While the separation of corporate EH&S and sustainability programs may help to bring greater focus to individual initiatives within their respective domains, it also carries with it a number of drawbacks. For example, the separation increases the likelihood of misalignment between operational initiatives and overarching corporate goals. This can lead to gaps in the efforts to achieve an organization's overall strategy, as well as increasing the risk of non-compliance. More obviously, the separation can produce operational and implementation inefficiencies, with available resources often deployed in duplicative efforts.



## Trends Supporting a More Integrated Approach

Beyond the issues of risk and inefficiency of efforts, there are a number of other factors that help strengthen the case for taking a more integrated approach to corporate EH&S and sustainability efforts. According to at least one survey of corporate sustainability executives, a convergence of interests is emerging between EH&S and sustainability teams, especially in industrial sectors with high environmental impact such as mining, chemical, oil and gas.<sup>3</sup> In part, this convergence is being driven by a growing awareness that improving corporate health and safety programs can reduce not just the risk of regulatory fines and penalties, but also broader stakeholder concerns such as workplace accidents, civil legal action and adverse publicity, along with the adverse financial impacts that accompany these outcomes.

Another driver behind the increased alignment of EH&S and sustainability efforts is the faster growth in EH&S budgets. A separate 2015 survey of EH&S executives found that EH&S budgets were expected to increase by 62 percent that year, compared with just 37 percent growth in sustainability budgets.<sup>4</sup> Because EH&S initiatives are typically accompanied by clearly defined metrics that result in tangible benefits, they are more likely to be approved for funding. This can foster greater interest on the part of sustainability executives to more closely align their efforts and seek to build synergies with their EH&S counterparts.

Lastly, organizations in general are seeking to increase their leverage of existing EH&S resources in addressing corporate sustainability efforts. The above referenced survey found that 71 percent of EH&S executives “have either full or shared authority for sustainability data collection and reporting.”<sup>5</sup> This cross-over is being driven in part by the push to integrate sustainability data into EH&S efforts, and is likely to continue as additional synergies emerge that encourage further collaboration between existing entities.



## The Benefits of an Integrated EH&S/Sustainability Program

An integrated EH&S/sustainability program can provide corporations with a number of important benefits. By combining separate program efforts, organizations can:

- *Strengthen efforts to ensure compliance*—Activities connected to sustainability initiatives often uncover EH&S-related issues that may have compliance implications. An integrated program can help speed action to address potential non-compliances.
- *Make more efficient use of available resources*—By consolidating similar activities such as data management and reporting, and eliminating duplicate efforts, an integrated EH&S/sustainability program makes more efficient use of available resources.
- *Increase overall program coverage*—With more efficient use of resources, integrated EH&S/sustainability programs have increased capacity to address underserved requirements or to expand the scope of their efforts.
- *Drive operational excellence*—An integrated EH&S/sustainability program is better equipped to monitor and manage the performance of individual initiatives to achieve intended outcomes, supporting continuous improvement efforts.
- *Align operational initiatives with strategic goals*—The integration of EH&S/sustainability programs facilitates the alignment of day-to-day efforts with an organization's larger strategic objectives, thereby elevating their overall importance.
- *Foster a sustainability mindset*—An integrated approach to EH&S/sustainability can help to foster a greater awareness and understanding of sustainability issues and their importance across the entire organization.
- *Strengthen marketplace acceptance*—Finally, an integrated EH&S/sustainability program sends a clear signal to all stakeholders of the organization's commitment to its sustaining values, resulting in stronger market presence and acceptance.

Ultimately, the successful integration of EH&S and sustainability efforts can also serve as an essential building block in the formation of a corporate-wide governance, risk and compliance (GRC) strategy. More than simply managing risk, a GRC program takes a forward-looking approach that anticipates all forms of business risk in a dynamic and ever-changing environment. In this way, an effective GRC program can help strengthen strategic decision making, thereby maximizing business performance and supporting the larger objectives of the organization.

## A Roadmap for Integrating EH&S and Sustainability Programs

Moving toward an integrated approach to the management and execution of corporate EH&S and sustainability initiatives requires a thoughtful analysis of the organization's current approach, thorough planning and careful execution. Key steps in the integration journey include:

**1 Gaining senior management support**—Gaining the unequivocal support and engagement of an organization's senior management is essential for any successful integration effort. Such support serves to validate the overall effort and helps to reduce resistance that predictably accompanies change of any kind.

**2 Evaluating the current state and identify the areas requiring change**—The next step involves an in-depth analysis of current programs. This analysis could include a review of existing initiatives, available resources and established processes and procedures. The goal is to identify possible synergies as well as areas of duplication.

**3 Developing an integration action plan**—With goals and objectives in place and a clear understanding of the current landscape, create an integration plan that supports the achievement of those goals in the most effective and efficient manner. Review the plan with all stakeholders to identify any potential issues or challenges.

**4 Establishing post-integration performance metrics**—Success of the integrated program should be measured with clear, objective performance metrics that align directly with the program's overall goals and objectives. Periodic review of metric performance also identifies areas where program modifications may be warranted.



**5 Incorporating metric performance into corporate reporting**—Finally, reporting on key performance metrics for an integrated EH&S/sustainability program should be incorporated into corporate-level reporting. This gives greater visibility to program efforts, and can help to build organization-wide support for program initiatives.

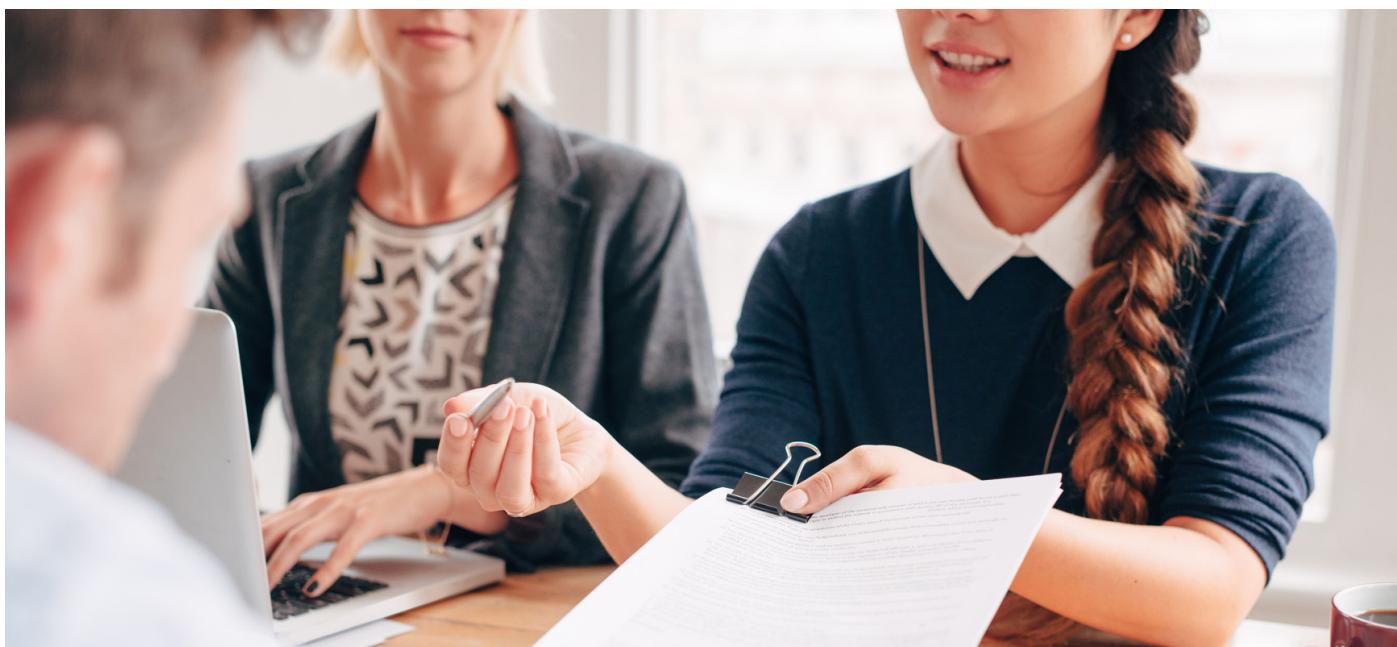
For some organizations, an alternative to a full-scale integration effort is a progression of smaller scale efforts that identifies obvious synergies and works to capitalize on them. This pilot approach can be especially useful in achieving the early “wins” that demonstrate the potential viability of a broader integration program. It can also help to win over those who are skeptical of the potential benefits of an integration strategy, or who have concerns about how an integration will directly affect them.

## How Technology Can Leverage the Benefits of Integration

The sophistication of information management systems has advanced considerably from the early days of EH&S data management and reporting. Today's offerings include both standalone products and software as a service (SaaS) platforms with sophisticated data processing algorithms and reporting capabilities that are designed to support the requirements of the most sophisticated EH&S/sustainability programs.

For organizations evaluating an integrated approach to EH&S and sustainability initiatives, the many capabilities and features of a robust management software platform can provide the following benefits:

- **More efficient data collection**—Reportable incident information can be entered against a predefined set of criteria. This increases reporting accuracy and reduces the number of incomplete reports.
- **Greater flexibility in data management**—Because data collection templates are customizable, system administrators can easily accommodate regulation changes or set up additional templates to collect different data sets.
- **Mobile and remote input options**—Mobile applications can facilitate the entry of information in real time at the actual job site or from any location, thereby improving both efficiency and accuracy.
- **Enhanced performance management**—The access to enhanced data enables users to more easily utilize relevant historical information to identify patterns and trends.
- **Improved reporting**—Since all data is resident in a single database, customized reports can be easily generated to meet specific information requirements, for example, corporate-level reporting vs. department reports.



## Summary and Conclusion

Increasingly, corporations and other organizations are exploring ways to integrate EH&S and sustainability programs and initiatives as part of an overall effort to reduce risks and maximize resource utilization. However, EH&S and sustainability programs present a number of potential synergies that, when leveraged, can support more effective compliance efforts while also driving business performance and supporting the values of all corporate stakeholders. At the same time, EH&S data management tools are evolving to better support the data collection and reporting requirements of integrated programs and to drive even greater efficiencies.

UL EHS Sustainability provides organizations with advisory services and software tools to develop and manage integrated EH&S/sustainability programs. In early 2016, UL acquired cr360, a market leader in software systems designed to manage environment, health and safety, and sustainability programs. The proprietary cr360 platform provides a unified repository for all EH&S and sustainability data that enables comprehensive reporting and helps to ensure full transparency of compliance and regulatory information.



For more information on UL's unified EH&S/sustainability management software or UL EHS Sustainability's other services, visit [www.ulehssustainability.com](http://www.ulehssustainability.com).

## Endnotes

<sup>1</sup>“A Historical perspective of the CSR movement,” a white paper sponsored by CSRQuest, 26 October 2004. Web. 20 August 2016. <http://www.csrquest.net/uploadfiles/1D.pdf>.

<sup>2</sup>“Report of the World Commission on Environment and Development: Our Common Future,” 1987. Web 20 August 2016. <http://www.un-documents.net/our-common-future.pdf>.

<sup>3</sup>“Will EH&S Teams Absorb Sustainability?” research report by Verdantix, March, 2015. Web. 20 August 2016. [http://research.verdantix.com/index.cfm/papers/Products.Details/product\\_id/783/will-eh-s-teams-absorb-sustainability/-](http://research.verdantix.com/index.cfm/papers/Products.Details/product_id/783/will-eh-s-teams-absorb-sustainability/-).

<sup>4</sup>“Global EH&S Leaders Survey 2015: Budgets and Priorities,” research report by Verdantix, September 2015. Web. 20 August 2016. [http://research.verdantix.com/index.cfm/papers/Products.Details/product\\_id/828/global-eh-s-leaders-survey-2015-budgets-and-priorities/-](http://research.verdantix.com/index.cfm/papers/Products.Details/product_id/828/global-eh-s-leaders-survey-2015-budgets-and-priorities/-).

<sup>5</sup>“Global EH&S Leaders Survey 2015: Budgets and Priorities,” see Endnote #3.